

Economic Activity Triggered by Agricultural Trade

Estimates of economic activity related to agricultural exports show that exports make an important contribution to the farm sector and to the U.S. economy as a whole. In 1996, the United States exported \$60.4 billion of agricultural products, up from \$55.8 billion in 1995. Those exports support jobs on farms, in food processing and other manufacturing plants, and in the transportation and trade sectors. Agricultural exports generated an estimated 859,000 jobs in 1996, of which 292,000 were on farms. The impact of agricultural exports on the U.S. economy is far-reaching. Every dollar of exports generated an additional \$1.32 in economic activity in supporting sectors.

Imports of agricultural products were worth \$33.6 billion in 1996, up from \$30.0 billion in 1995. Since agricultural exports exceeded imports, the United States had a positive trade balance in agricultural products of \$26.8 billion. About \$8.2 billion of imports were such commodities as bananas, coffee, and tea that do not compete with U.S. products. The remaining \$23.7 billion is comprised of imports, such as meat, dairy products, fruits, nuts, vegetables, sugar, and wines that compete with U.S. products.

Processed agricultural products have more extensive impacts on the U.S. economy than exports of bulk unprocessed commodities. Each dollar of nonbulk agricultural exports (fresh fruits and vegetables and "value-added" processed products) generates an additional \$1.70 in supporting activity, compared with \$0.85 for each dollar of bulk exports (grains, oilseeds, and cotton). Every \$1 billion of nonbulk exports supports 16,800 U.S. jobs, compared with 11,100 for bulk exports. Nonbulk products account for most of the economic activity generated by agricultural exports. They account for 558,000 of the 859,000 jobs attributed to agricultural exports. [William Edmondson, 202-694-5374, wedmonds@econ.ag.gov]

Appendix table 13—U.S. economic activity triggered by agricultural trade

	1994	1995	1996		
Item	total	total	Total	bulk	Other
Billion dollars					
Economic activity generated by agricultural exports	109.5	132.9	139.9	50.3	89.6
Exports	45.7	55.8	60.4	27.2	33.2
Imports	26.8	30.0	33.6	1.7	31.9
Competitive	20.1	21.6	25.4	1.7	23.7
Complementary	6.7	8.4	8.2	0.0	8.2
Trade balance	18.9	25.8	26.8	25.4	1.4
Supporting activities	63.8	77.1	79.5	23.1	56.4
Farm	16.9	20.0	21.9	2.7	19.2
Food processing	5.6	6.3	6.7	.3	6.4
Other manufacturing	14.2	15.5	15.5	5.5	10.0
Trade and transportation	8.3	9.8	9.7	3.0	6.7
Other services	18.8	25.5	25.6	11.6	14.0
Percent					
Nonfarm share	74	74	73	88	66
Dollars					
Multiplier (business activity generated by \$1 of exports)	1.39	1.38	1.32	.85	1.70
1,000 jobs					
Employment due to exports:					
Total	791	895	859	301	558
Farm	305	333	292	103	189
Number of jobs per \$1 billion of exports	17.3	16.0	14.2	11.1	16.8
Percent					
Percent of farm workforce	9	10	8	3	5
1,000 jobs					
Nonfarm	485	562	566	197	369
Food processing	78	84	86	1	85
Other manufacturing	71	71	70	21	49
Trade and transportation	178	200	196	81	115
Other services	158	207	214	94	120
Billion dollars					
Domestic equivalent of the economic activity generated by competitive imports	49.7	53.6	62.8	3.5	59.3
Net business surplus of agricultural trade	53.1	70.9	68.9	46.8	22.1
Nonfarm, nonfood processing sectors:					
Net direct benefit from exports	4.9	6.7	6.8	4.9	1.9
Net increased output from exports	41.3	47.8	41.6	26.2	15.4
Percent					
Farm share of income generated by exports	31	32	34	45	26
Trade and transportation share of total income from exports	21.8	21.7	21.2	21.3	21.2

Source: Calculated by ERS from supporting ERS economic models using data from the Bureau of Economic Analysis, Bureau of Labor Statistics, and Bureau of the Census.